

Targeting Workforce Development Resources for Economic Vitality

“The nation’s ability to produce high-value products and services depends on the creation and strengthening of regional clusters of industries that become hubs of innovation.”
(F. Duane Ackerman and Michael E. Porter for the Council on Competitiveness.)

In order to target state resources for workforce development strategically, the Employment Security Department (ESD), the State Board for Community and Technical Colleges (SBCTC), and the Workforce Training and Education Coordinating Board are joining together to coordinate the allocation of certain funds for workforce development. Priority for these funds will be given to key occupations and industries. By targeting key sectors of the economy, workforce development will promote economic vitality and help ensure that students and workers find good jobs at the end of their training.

The agencies are coordinating four Requests for Proposals (RFPs). The four RFPs are: the Workforce Board’s Securing Key Industry Leadership for Learning Skills (SKILLS); SBCTC’s Skill Standards RFP and RFP for High Demand Programs; and ESD’s Industries of the Future Skills Training Fund (IFST) RFP. The individual RFPs go into more detail about the allocations, while this introduction describes their common focus.

The four RFPs reflect four stages of workforce development. The first stage is to bring together the leaders in a key economic sector for the purpose of identifying critical skill needs and identifying solutions. The second stage is to use the partnership to develop industry skill standards. The third stage is to develop new training programs that prepare workers to meet the standards. The fourth stage is to actually provide the training.

The funding allocated through the four RFPs can be coordinated to carry out these four stages. The Workforce Board’s SKILLS Fund is a resource for bringing together the top leaders from business, labor, and workforce development providers in a economic sector. SBCTC’s fund for Skill Standards Projects is, for skill standards implementation. The High Demand funds are resources for developing college programs in high demand fields. The Industries of the Future Skills Training Fund is available to help cover the cost of upgrading the skills of incumbent workers.

The four funds can be used sequentially. Local areas may submit proposals for one, two, three, or all four funds, depending on the stage of development and what fund source will best meet local needs. Other fund sources may also be used to cover the cost of one or more of the stages. For example, SBCTC’s Job Skills Program may also cover costs of training.

All the RFPs include common elements to enhance coordination, to take advantage of the synergistic effect of the funds working together, and to strategically target key occupations and industries critical to the state’s economic vitality. In addition, all RFPs include a common set of required criteria that proposals must satisfy. An individual RFP will have additional criteria.

The common **required criteria** are:

- ❖ **Regional Proposal:** Proposals must be for a specified geographic region of the state.
(Proposals should identify their regional boundaries; for example, the college districts or

workforce development areas that are included. The state is interested in geographic balance among the proposals that are funded.)

- ❖ Industry-driven: The proposals must provide evidence that the projects will meet the needs of a key area industry and demonstrate involvement of local industry leaders.
- ❖ Partnership of Key Stakeholders: Employers, labor, training providers, workforce development councils, economic development councils, and other appropriate stakeholders must be partners in the proposals.
- ❖ Economic Analysis: Proposals must demonstrate the importance of the economic sector to future economic opportunities in the region.

In addition to the above four required criteria, the RFPs **prioritize** funding proposals that are part of a sequential effort at workforce development (as described above), that leverage other private resources, and that are collaborative efforts by geographic areas and/or institutions.

Identifying Key Sectors

One way of identifying key economic sectors is to use a cluster-based strategy. A cluster, as defined by Michael Porter, is:

A geographic concentration of interconnected companies, specialized suppliers, service providers, firms in related industries, and association institutions (for example, universities, standards agencies, and trade associations) in particular fields that compete but also cooperate.

In other words, a cluster consists of the firms in an industry and the related firms in other industries and private and public institutions that are important suppliers, customers, or regulators of the industry. A cluster exists when there is a high concentration of such partners within a geographic region.

The competitive economic advantage of a geographic area can be found in industry clusters. The existence of an unusually high number of firms and jobs in an industry in an area is strong evidence that the area has a comparative advantage over other areas for that industry. For example, the central and southeast areas of the state have an obvious cluster in agriculture and food processing. There exists an unusually large number of employers and jobs in agriculture and food processing compared to the number of such employers and jobs in other areas of the nation and there is a large network of related firms and institutions. These resources create an advantage compared to other geographic areas in competing in the agriculture and food processing market. The existence of a large number of firms in the industry and related sectors increases the likelihood of further growth in the industry, including the spin-off new businesses.

One of the criteria by which the state will judge proposals is the extent to which they target a key industry. Proposals must demonstrate the selection of an industry that is strategic for regional economic development. One way of demonstrating this strategic choice is to submit a proposal addressing workforce needs in an existing cluster.

On behalf of the State Office of Trade and Economic Development (OTED), the Northwest Policy Center (NPC) at the University of Washington identified a set of key industry clusters in Washington (See, Sommers, “Cluster Strategies for Washington,” December 2001). The report can be accessed at: www.oted.wa.gov/index.htm and click on Report on Key Industry Clusters in Washington. The Sommers’ paper does not provide a complete list of key industry clusters—it’s just the tip of the iceberg. There are far more key clusters in the state than this, and allocations through the four RFPs will not be limited to the clusters identified in the Sommers paper.

In sum, proposals must demonstrate why the economic sector they are targeting is a strategic choice for economic vitality. Targeting a cluster, including clusters on the OTED/NPC list is one way of demonstrating this, but it is not the only way. Proposals may include other data that demonstrate why local leaders believe the chosen sector is a strategic choice for the local economy and one that will benefit by the type of long term relationship building envisioned in this initiative.